



General Assembly

Amendment

January Session, 2011

LCO No. **6527**

HB0630706527HD0

Offered by:

REP. MEGNA, 97th Dist.

SEN. CRISCO, 17th Dist.

To: House Bill No. **6307**

File No. 86

Cal. No. 68

"AN ACT REGULATING THIRD-PARTY ADMINISTRATORS."

1 In line 233, strike "furnished by" and insert in lieu thereof "obtained
2 by the commissioner from"

3 In line 235, strike ", or obtained by the"

4 In line 236, strike "commissioner" and after "investigation" insert "
5 examination or audit"

6 Strike lines 369 and 370 in their entirety and insert in lieu thereof
7 "shall issue a benefits identification card to each insured that includes
8 disclosure of"

9 In line 371, strike "advising them of"

10 In line 395, after "(a)" insert the following:

11 "(1) A third-party administrator applying for licensure shall execute
12 a surety bond in an amount determined by the commissioner to be

13 sufficient to protect insurers and other persons utilizing the services of
14 the third-party administrator, but not less than the penal sum of five
15 hundred thousand dollars. A third-party administrator licensed under
16 this section shall maintain such surety bond as a condition for renewal
17 of such license.

18 (2) The commissioner may waive the requirement to execute such
19 surety bond if the applicant submits audited annual financial
20 statements or reports for the two most recent fiscal years that prove the
21 applicant has a positive net worth. An audited annual financial
22 statement or report prepared on a consolidated basis shall include a
23 columnar consolidating or combining worksheet that shall be filed
24 with the report and include the following: (A) Amounts shown on the
25 consolidated audited financial report shall be shown on the worksheet,
26 (B) amounts for each entity shall be stated separately, and (C)
27 explanations of consolidating and eliminating entries shall be
28 included. A third-party administrator who has submitted such
29 statements or reports in lieu of executing a surety bond and who is
30 renewing such administrator's license shall submit the most recent
31 audited annual financial statement or report.

32 (b)"

33 In line 415, strike "audited annual financial" and insert in lieu
34 thereof "evidence of the surety bond required under subsection (a) of
35 this section,"

36 Strike lines 416 to 431, inclusive, in their entirety

37 In line 432, strike "the applicant;"

38 In line 439, strike "(b)" and insert "(c)" in lieu thereof

39 In line 443, strike "(c)" and insert "(d)" in lieu thereof

40 In line 447, strike "(d)" and insert "(e)" in lieu thereof

41 In line 456, strike "(e)" and insert "(f)" in lieu thereof

- 42 In line 463, strike "(f)" and insert "(g)" in lieu thereof
- 43 In line 467, strike "(g) A" and insert in lieu thereof "(h) In addition to
44 the surety bond required under subsection (a) of this section, a"
- 45 In line 469, before "maintain" insert "execute and"
- 46 Strike lines 494 to 504, inclusive, in their entirety and insert the
47 following in lieu thereof:
- 48 "be in the form and contain such information as the commissioner
49 prescribes, including evidence that the surety bond required under
50 subdivision (1) of subsection (a) of this section and, if applicable,
51 subdivision (h) of section 11 of this act, remain in force. The
52 information contained in such report shall be verified by at least two
53 officers of the third-party administrator."
- 54 In line 515, strike "has a positive net worth as"
- 55 In line 516, strike "evidenced by audited financial statements and"
- 56 In line 518, strike "or financial statements"
- 57 In line 521, strike "has a positive net worth as evidenced by"
- 58 In line 522, strike "audited financial statements and complies" and
59 insert "is compliant" in lieu thereof
- 60 In line 523, strike "or financial statements"